



Rob Turner
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Department of Energy and Climate Change
BY EMAIL

*Promoting choice and value for
all gas and electricity customers*

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Dear Rob,

Ofgem's response to DECC's consultation on implementing the Energy Efficiency Directive provision for easy access to 24 months of consumption data for consumers with smart meters

We welcome the opportunity to respond to your consultation on implementing the Energy Efficiency Directive ('the Directive') provision for easy access to 24 months of daily consumption data for consumers with smart meters.¹

Ofgem regulates the gas and electricity markets in Great Britain. We have an important role in ensuring that the interests of consumers remain protected both during the transition to smart metering and in the enduring framework. We will also play a key role in monitoring and, where appropriate, enforcing compliance with any new regulatory obligations relating to smart meters.

Ofgem supports the work that DECC is carrying out to transpose the Directive and we look forward to continuing constructive engagement with you on these and related issues.

Ensuring a positive consumer experience

Facilitating easy access for all consumers to their consumption data is essential to ensure the smart meter roll-out delivers many of the potential consumer benefits. For example, consumption data will help consumers, or their agents, better understand and manage their energy use. It is therefore important that consumers are able to access the data resulting from the implementation of the Directive in a straightforward and secure way.

Providing consumers with easy access to their consumption information also has clear benefits for consumers engaging in the energy market. Our research² indicates that consumers value simplicity and clear information on how their data is used and by whom. It is also important that privacy and data security risks are considered in the evaluation process.

The consultation's preferred options would both mean that the capability to store 24 months of daily consumption data is added to the second version of the mandated smart

¹ The EU Energy Efficiency Directive provides domestic energy consumers with smart meters with the right to have easy access to at least 24 months of daily, weekly, monthly and annual consumption data via the internet or through the meter interface where they have a smart electricity and/or gas meter installed in accordance with the Third Package Directives

² *Ofgem Consumer First Panel Year 3 – 2010/2011: Report from the third set of workshops: Smart Metering Data Privacy Issues*, Ofgem, June 2011

meter technical specification ('SMETS2')³. While we do not have any evidence that suggests 24 months of daily consumption data would be more useful to consumers than 13 months of data, we can see potential benefits from consumers being able to compare their historical consumption data over a longer period. We therefore support your proposal to ensure that where possible 24 months of daily consumption data is stored on the meter itself given that stakeholders indicated that the cost of any additional memory was unlikely to be significant. Storing consumption data on the meter provides the greatest flexibility for consumers as they will be able to access this data both directly or via their supplier.

It is not proposed that this technical capability is applied retrospectively to SMETS1 meters (which will store 13 months of half-hourly data). It is therefore our understanding that consumers with a SMETS1 meter will need to engage with their supplier to instruct them to commence collecting and storing the additional daily consumption data to meet the Directive's requirements (ie the 11 months of daily consumption data that would supplement the 13 months stored on the meter). Thus a SMETS1 meter will not provide instant access to the full 24 months of daily consumption data without a consumer's prior notification to their supplier and sufficient time for the required data to be collected.

This means that consumers with SMETS1 meters will have to follow a different (and potentially more complex) route to access their daily consumption data, which risks creating confusion for consumers. It is therefore important that suppliers communicate this clearly to consumers and provide clarity on how consumers' data will be accessed and stored. This is particularly important given the requirement for suppliers, subject to receiving the appropriate consumer consent, to store consumption data for consumers with SMETS1 meters.

The difference between the consultation's preferred options lies in how the Directive requirement for suppliers to provide access to the 24 months of historical data would be implemented. The preferred option ('Option D') would see suppliers required to provide consumers with the data over the internet. Your 'second preference' option ('Option C') would simply place a general requirement on suppliers to meet the terms of the Directive.

When evaluating the options, we consider that it would be helpful to consider further the potential costs and benefits, as well as exploring the practicalities for both suppliers and consumers when implementing the Directive's requirements for both SMETS1 and SMETS2 meters. For example, it is not clear what would happen to daily consumption data held by Supplier A should a consumer with a SMETS1 meter switch to Supplier B during the period of data collection – following a consumer's request – by Supplier A. This may be further complicated if Suppliers A and B have chosen different methods for meeting the Directive's requirements. We would expect that suppliers should facilitate all consumers' ability to access 24 months of daily consumption data. Consumers that switch suppliers should not be unduly restricted from accessing this data.

There may also be merit in exploring further the links between the options you are considering and the smart meter data access framework, and other applicable data protection legislation. For example, what happens if a consumer has chosen to opt out of supplying daily consumption data to their supplier? While the consultation proposes that this data would be contained within a SMETS2 meter and so would remain directly accessible by the consumer, it is unclear how the Directive's obligations would be met for a consumer with a SMETS1 meter where they have opted out of providing daily data to their supplier. It is important that measures to protect consumers' data are consistent to provide a high level of reassurance that consumers' expectations in relation to data privacy will be met.

³ The Smart Metering Equipment Technical Specifications (SMETS) sets out the technical standards which are mandated by government. A smart meter must meet these standards in order to count towards suppliers' roll-out obligations.

Considering impacts on competition

In line with the Smart Metering Programme design principles, the data access platform should be secure and non discriminatory. It is important that third parties should not be at a disadvantage compared to suppliers in terms of consumption data access.

We agree that your evaluation criteria should include an assessment of the impacts on competition, both in supply and in the emerging energy services market. It is important to use evidence, where possible, to assess the impacts on competition, particularly where the impacts may fall disproportionately on particular categories of market participant. We would like to better understand the evidence that supports your claim that your preferred option will not disproportionately impact smaller suppliers.

It seems possible that small suppliers may find the 'one off' costs of establishing back office systems to meet the Directive's requirements more burdensome than large suppliers, particularly given the need to meet existing data protection obligations. This may be exacerbated by the need to develop two distinct systems: one to deal with SMETS1 and another for SMETS2 meters.

Many suppliers are already voluntarily providing consumers access to their annual consumption data in accordance with the midata programme.⁴ Evidence that small suppliers are engaging with midata with the same enthusiasm as large suppliers would help to provide some reassurance that small suppliers will not be disproportionately affected by the cost of providing consumers access to their daily consumption data.

Classifying Data and Communications Company (DCC) services

We would welcome further discussion of how the 24 months of daily consumption data should be treated from a DCC services point of view. It is likely that the volume of messages will be a significant driver of cost for DCC services. We therefore envisage that sending 24 months of daily consumption data through DCC's systems could be relatively expensive compared to other message types. Since you envisage relatively few customers are likely to ask for this data, we suggest this should be an elective rather than a core DCC service for suppliers. Otherwise all consumers will be paying for a service that few are using.

These issues should be borne in mind when considering the timing and availability of elective services that we referred to in our earlier response⁵ to the government consultation on stage one of the Smart Energy Code (SEC). The need to meet the requirements of the Directive would tend to favour the DCC offering elective services at an early stage.

We appreciate the constructive engagement with DECC thus far and look forward to this continuing in the coming months. If you would like to discuss this response in the meantime, please contact Philippa Pickford (Head of Smarter Metering), philippa.pickford@ofgem.gov.uk, or Duncan Carter (Policy Analyst, Smarter Metering), duncan.carter@ofgem.gov.uk.

Yours sincerely,

Andrew Wright
Senior Partner, Markets

⁴ The government's midata programme is a voluntary initiative to give consumers increasing access to their data in a portable and electronic format, <https://www.gov.uk/government/news/the-midata-vision-of-consumer-empowerment>

⁵ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=88&refer=Markets/sm/metering/sm>